

January 26, 2026

South Africa's agriculture in a changing global trade environment

- The South African agricultural industry is interlinked to global markets. A substantial amount of output is exported while many of the inputs into farming are imported. In recent decades, a stable global environment supported the sector's growth, even it navigated various domestic challenges at multiple points. The sector is now at a point where exports for 2025 are likely to have crossed the US\$14 billion mark for the first time, a significant achievement from the US\$2 billion in exports in the early 2000's. The ease of access to farming inputs from various countries also ensures that South African agriculture can improve its productivity and output.
- But this world that powered the agricultural sector is changing. If there is a central message we took from the World Economic Forum (WEF) this past week, perhaps not so much from the formal speeches but from sideline conversations, it is that countries are looking for new ways to firm up partnerships and build new alliances.
- There is pressure on institutions, such as the World Trade Organizations, which have been pivotal in sustaining South Africa's agricultural trade success and that of other countries, to ensure that global trade remains fair, open, and in line with rules. For South African farmers, growing trade friction is a concern. And this is not only in the U.S. market, but also in markets closer to home. Within the Southern African Customs Union (SACU), South Africa continues to experience barriers in vegetable exports to Botswana and Namibia. Also, within the BRICS grouping, there is limited focus on improving trade relations.
- Elsewhere, the European Union (EU) and Canada, amongst other key economies, are increasingly focused on opening new export markets and strengthening relations. The EU has recently signed a trade deal with the Mercosur, a grouping of South American countries comprising Argentina, Bolivia, Brazil, Paraguay, and Uruguay. Canada is in the process of increasing its trade relations with China, amongst others. Both these countries are also looking at deepening their access with India.
- Both India and China are BRICS members and are among the countries with significant potential to absorb South Africa's agricultural products. What remains missing within the BRICS grouping is a trade agreement. Notably, as the BRICS grouping grows with several newly added members, reaching consensus on fundamental matters such as trade may become more challenging. Yet, without a strong economic focus that bridges the gap between these countries and deepens engagement beyond high-level engagements, the long-term economic benefits of BRICS participation for SA will remain minimal.

- Under this new reality of global realignment, and in recognising that South Africa's agriculture and other industries thrive through trade, the country's leadership should focus on ensuring that new relations with tangible economic benefits are formed. The starting point should be untangling South Africa from the SACU matters. As things stand, beyond the trade barriers the SACU members present, it doesn't appear there is shared urgency or enthusiasm for establishing new trade relations. Thus, negotiating as a pack only stalls South Africa's growth ambitions. While SACU has, to an extent, served South Africa well, at the moment, it may prove to be a drag and must be reformed.
- Moreover, South Africa must have a clear focus on BRICS, nudging the original member countries to prioritise trade and seek to deepen trade with these countries. South Africa must speak out against the potential paralysis of BRICS, where the forum becomes mainly a forum for high-level engagement and geopolitical matters without clear economic benefit.
- South Africa must also improve its domestic capacity in trade matters and aggressively promote trade and economic diplomacy in a number of countries. This new reorientation is based on the idea that the world is changing, and that South Africa must not be left behind. The agricultural sector would stand to benefit from such a new approach.

WEEKLY HIGHLIGHT

Notes from Davos

- I attended this year's World Economic Forum in Davos, and the central theme in many conversations I had and in the various panel discussions centred on geopolitics and trade. The presence of U.S. President Trump and his focus on Greenland, among other aspects, made this a central theme, alongside the launch of the Board of Peace.
- But aside from these central themes, there were also fundamental conversations that are critical to us in South Africa. Countries are talking of strengthening partnerships and exploring various avenues for investment and trade.
- The South African government and business delegation seized on these themes and sentiments. These come at a time when the country has a good story to tell.
- The economy is recovering, supported by reforms in the network industries, amongst other factors. There was also a strong focus on promoting economic diplomacy, with an emphasis on engaging countries that present export expansion potential.
- Asia and the Middle East are among the promising regions, while the South African leadership also continue to focus on retaining existing markets in Europe, the United Kingdom, the U.S., broader Africa, and other areas.
- Another theme that came up sharply in some discussions was a call to strengthen multilateralism and protect key global organisations, such as the World Trade Organisation (WTO). A stable and fair global

trading environment is essential for South Africa, particularly for the industry I spend most of my time studying: agriculture.

- South Africa's agriculture has grown significantly, more than doubling since 1994. If one looks at the key catalysts for growth, trade has been central. Indeed, better seed cultivars, improvements in animal genetics, and the use of advanced machinery have increased farm efficiency and boosted yields.
- But yield growth without key market uptake wouldn't be sufficient. What has always remained key is the opening of new export markets, and that is exactly what happened over the past three decades. We now have a sector that exports roughly half of its produce. When the final trade figures for 2025 are released, I suspect South Africa's agricultural exports will have crossed the US\$14 billion mark for the first time.
- This will be an increase from US\$13.7 billion in agricultural exports in 2024. The top exported products by value in 2024 included citrus, grapes, maize, apples and pears, wine, nuts, fruit juices, sugar, berries, dates, pineapples, avocados, wool, apricots and peaches, ciders, and beef, among others.
- These markets are diverse. Still, we need to diversify further, especially in today's trade fiction landscape. If we consider 2024 exports, the African continent maintained the lion's share of South Africa's agricultural exports, accounting for 44% of the total value.
- As a collective, Asia and the Middle East were the second-largest agricultural markets, accounting for 21% of the share of overall farm exports in 2024.
- The EU was South Africa's third-largest agricultural market, accounting for 19%. The Americas region accounted for 6% of South Africa's agricultural exports in 2024. The rest of the world, including the United Kingdom, accounted for 10% of the exports.
- This is a sound platform to build on as South Africa continues to foster closer relations with various countries and promote exports. The conversations at Davos and the closer engagement with countries we already export to, and those with potential to expand exports, support this ambition.
- Importantly, South Africa also had a positive story to tell about improving logistical efficiencies and power supplies, alongside other major macroeconomic reforms, which spoke to the deliberate focus and landed well in several engagements.
- Ultimately, while the headlines out of Davos centred on the Greenland and Board of Peace matters that President Trump highlighted, there were many other engagements underway. Indeed, South Africa had a good story to tell, and I am glad to have been part of the team that delivered our positive message and our openness to deepening trade.

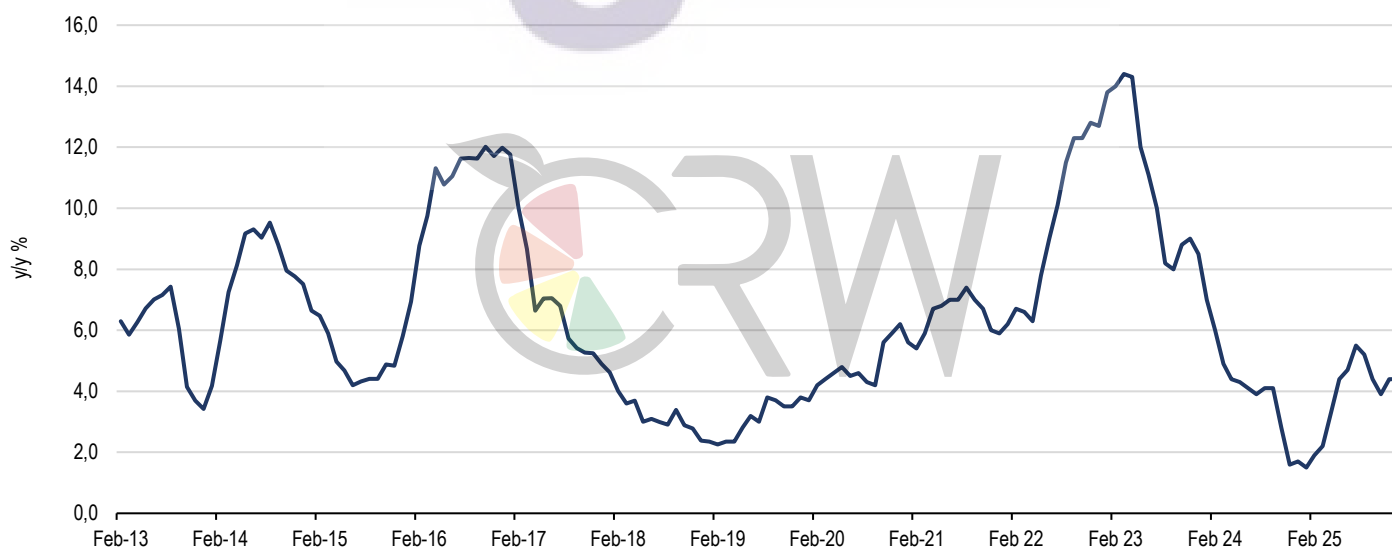
SA's food prices rose at a softer pace in 2025 compared to a year ago

- South Africa's consumer food price inflation stabilised at 4.4% in December 2025, unchanged from November. The average food price inflation for 2025 is 3.8% from 4.1% in 2024. For much of 2025, the

primary drivers of the deceleration in food price inflation from higher levels at mid-year were mainly fruit and nuts, vegetables, meat, sugar, confectionery and desserts. The ample supplies, combined with the base effects, are what contribute to the easing of price inflation in these products.

- Cereal product inflation also remains relatively low on the back of the ample grain harvest in the country. South Africa has an abundant harvest, with the 2024-25 summer grains and oilseed harvest estimated at 20.08 million tonnes (up 30% y/y). What has remained on top of mind is meat price inflation, which remains relatively elevated. The foot-and-mouth disease remains a major challenge in the cattle industry, even as vaccination is still underway, and will likely gain momentum soon.
- Typically, during foot-and-mouth disease outbreaks, the country is temporarily closed to some export markets, leading to a drop in consumer prices. But in 2025, we saw the opposite. Initially, panic buying driven by retailers' announcements, rather than a product shortage, was the main driver of meat prices, combined with buoyant consumer demand. This remains a reality.
- Also worth highlighting, although not an issue in 2025, are the recent floods in Limpopo, which were destructive. We will understand their impact on vegetables in the coming months. We aren't as worried about the effect being severe for now, as the assessment of the damage remains underway.
- Thus, from now on, we remain optimistic that South Africa's consumer food price inflation will continue to moderate. The benefits of lower grain prices, ample fruit and vegetable supplies, and potentially sideways meat prices will continue to be the major drivers of the deceleration in food price inflation in 2026. That said, there is some uncertainty around meat, as foot-and-mouth disease remains a significant challenge in the cattle industry.

Exhibit I: South Africa's consumer food inflation



Source: Stats SA and Agbiz Research

What are we watching this week?

- This is a quiet week on the global front with no major data releases. What is worth highlighting is that the U.S. Department of Agriculture (USDA) will release the **U.S. Agricultural Prices** data on Friday.
- On the domestic front, we also have a reasonably quiet calendar. On Wednesday, the South African Grain Information Services (SAGIS) will publish its **weekly data on South Africa's Grain and Oilseed Producer Deliveries**. In the previous release on January 16, South African farmers delivered 43,939 tonnes of maize to commercial silos. This was the 38th weekly delivery for the 2025-26 marketing year (which corresponds with the 2024-25 production season), bringing the overall maize deliveries so far to 14.99 million tonnes. South Africa's 2024-25 maize harvest is estimated at 16.44 million tonnes, a 28% increase year-on-year, primarily due to expected annual yield improvements.
- The 2025-26 oilseeds marketing year began at the start of March 2025. In the first 46th weeks, soybean producer deliveries totalled 2.72 million tonnes, accounting for 98% of the expected harvest of 2.77 million tonnes. In the case of sunflower seeds, the first 46th weeks of the new 2025-26 marketing year's producer deliveries totalled 694,422 tonnes, of the expected harvest of 708,300 tonnes.
- South Africa's 2025-26 winter wheat season has progressed impressively with the harvest process. In the first 16 weeks of this 2025-26 marketing year, farmers have delivered about 1.64 million tonnes of wheat to commercial silos. This is 82% of the expected harvest of 1.99 million tonnes for the season.
- On Thursday, SAGIS will publish its weekly **South Africa's Grains and Oilseeds Trade data**. In the week of January 16, South Africa exported 41,566 tonnes of maize, with approximately 45% going to Zimbabwe, 17% to Botswana, 14% to Namibia, and the remainder to other countries in the Southern African region. This placed South Africa's 2025-26 maize exports at 1.37 million tonnes, out of the expected seasonal exports of 2.40 million tonnes. The current marketing year only ends in April 2026. We will likely see more robust export activity this quarter, as we anticipate stronger demand in the Southern Africa region.
- While South Africa has an ample harvest and will remain a net exporter of maize, minor imports of yellow maize from Argentina are expected to continue for South Africa's coastal regions. For example, so far in the 2025-26 marketing year, South Africa has imported 110,447 tonnes of yellow maize for feed in the country's coastal regions. These importers mainly take advantage of the affordable prices of Argentinian supplies.
- South Africa is a net wheat importer, and January 16 marked the 16th week of the new 2025-26 marketing year. The cumulative imports to date have totalled 464,199 tonnes from the United States, Latvia, Australia, Brazil, Romania, Lithuania, Russia and Poland. We expect South Africa's 2025-26 wheat imports to reach 1.74 million tonnes, down from 1.83 million tonnes in the 2024-25 marketing year, due to a slight recovery in the domestic harvest.